

Columbia Gas[®]
of Kentucky
A NiSource Company

P.O. Box 14241
2001 Mercer Road
Lexington, KY 40512-4241

May 12, 2006

Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602

RECEIVED

MAY 12 2006

PUBLIC SERVICE
COMMISSION

Re: Columbia Gas of Kentucky, Inc.
Gas Cost Adjustment Case No. 2006 - 00179

Dear Ms. O'Donnell:

Subsequent to the May 1, 2006 filing of the application of Columbia Gas of Kentucky, Inc. ("Columbia") for its June quarterly Gas Cost Adjustment ("GCA"), an error was discovered on Schedule No. 1, Sheet 5 of the original filing. Columbia hereby submits an original and six copies of Revised Schedule No. 1, Sheet 5 and related schedules to correct the miscalculation. The result is an additional reduction and the proposed tariff sheets are also attached.

Columbia thus proposes to decrease its current rates to tariff sales customers by \$1.0337 per Mcf effective with its June 2006 billing cycle on May 31, 2006. The decrease is composed of a decrease of \$1.0686 per Mcf in the Average Commodity Cost of Gas, and adjustments as originally filed in the remaining components of the GCA.

Please feel free to contact me at 859-288-0242 if there are any questions.

Sincerely,



Judy M. Cooper
Director, Regulatory Policy

Enclosures

BEFORE THE
PUBLIC SERVICE COMMISSION
OF KENTUCKY

COLUMBIA GAS OF KENTUCKY, INC.

CASE 2006-000179
REVISED

GAS COST ADJUSTMENT AND REVISED RATES OF
COLUMBIA GAS OF KENTUCKY, INC. PROPOSED TO BECOME
EFFECTIVE JUNE 2006 BILLINGS

Columbia Gas of Kentucky, Inc.
Comparison of Current and Proposed GCAs

REVISED

<u>Line</u> <u>No.</u>	<u>March-06</u> <u>CURRENT</u>	<u>June-06</u> <u>PROPOSED</u>	<u>DIFFERENCE</u>
1 Commodity Cost of Gas	\$10.5575	\$9.4889	(\$1.0686)
2 Demand Cost of Gas	\$1.2141	\$1.2146	\$0.0005
3 Total: Expected Gas Cost (EGC)	\$11.7716	\$10.7035	(\$1.0681)
4 SAS Refund Adjustment	(\$0.0001)	(\$0.0001)	\$0.0000
5 Balancing Adjustment	(\$0.0026)	(\$0.0026)	\$0.0000
6 Supplier Refund Adjustment	(\$0.0246)	(\$0.0132)	\$0.0114
7 Actual Cost Adjustment	(\$0.7033)	(\$0.7033)	\$0.0000
8 Gas Cost Incentive Adjustment	\$0.0000	\$0.0230	\$0.0230
9 Cost of Gas to Tariff Customers (GCA)	\$11.0410	\$10.0073	(\$1.0337)
10 Transportation TOP Refund Adjustment	\$0.0000	\$0.0000	\$0.0000
11 Banking and Balancing Service	\$0.0205	\$0.0205	\$0.0000
12 Rate Schedule FI and GSO			
13 Customer Demand Charge	\$6.5610	\$6.5490	(\$0.0120)

Columbia Gas of Kentucky, Inc.
Gas Cost Adjustment Clause
Gas Cost Recovery Rate
June - Aug 2006

REVISED

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>Expires</u>
1	Expected Gas Cost (EGC) Schedule No. 1	\$10.7035	
2	Actual Cost Adjustment (ACA) Schedule No. 2	(\$0.7033)	8-31-06
3	SAS Refund Adjustment (RA) Schedule No. 5	(\$0.0001)	8-31-06
4	Supplier Refund Adjustment (RA) Schedule No. 4	(\$0.0007)	05-31-07
	Schedule No. 4 Case No. 2006-	(\$0.0124)	02-28-07
	Schedule No. 4 Case No. 2005-00318	(\$0.0001)	11-30-06
	Total Refunds	<u>(\$0.0132)</u>	
5	Balancing Adjustment (BA) Schedule No. 3	(\$0.0026)	8-31-06
6	Gas Cost Incentive Adjustment Schedule No. 6	\$0.0230	5-31-07
7	Gas Cost Adjustment		
8	June - Aug 2006	<u>\$10.0073</u>	
9	Expected Demand Cost (EDC) per Mcf		
10	(Applicable to Rate Schedule IS/SS and GSO) Schedule No. 1, Sheet 4	<u>\$6.5490</u>	

DATE FILED: May 12, 2006

BY: J. M. Cooper

Columbia Gas of Kentucky, Inc.
Expected Gas Cost for Sales Customers
June - Aug 2006

Schedule No. 1
 Sheet 1

Line No.	Description	Reference	Volume A/		Rate		Cost (5)
			Mcf (1)	Dth (2)	Per Mcf (3)	Per Dth (4)	
Storage Supply							
Includes storage activity for sales customers only							
Commodity Charge							
1	Withdrawal			0		\$0.0153	\$0
2	Injection			2,254,000		\$0.0153	\$34,486
3	Withdrawals: gas cost includes pipeline fuel and commodity charges			0		\$0.00	\$0
Total							
4	Volume	= 3		0			
5	Cost	sum(1:3)					\$34,486
6	Summary	4 or 5		0			\$34,486
Flowing Supply							
Excludes volumes injected into or withdrawn from storage.							
Net of pipeline retention volumes and cost. Add unit retention cost on line 17							
7	Non-Appalachian	Sch.1, Sht. 5, Ln. 4		739,000			\$6,341,002
8	Appalachian Supplies	Sch.1, Sht. 6, Ln. 4		61,000			\$517,000
9	Less Fuel Retention By Interstate Pipelines	Sch. 1,Sheet 7, Lines 21, 22		(109,000)			(\$1,072,312)
10	Total	7 + 8 + 9		691,000			\$5,785,690
Total Supply							
11	At City-Gate	Line 6 + 10		691,000			\$5,820,176
Lost and Unaccounted For							
12	Factor			-0.9%			
13	Volume	Line 11 * 12		(6,219)			
14	At Customer Meter	Line 11 + 13		684,781			
15	Sales Volume	Line 14		648,774			684,781
Unit Costs \$/MCF							
Commodity Cost							
16	Excluding Cost of Pipeline Retention	Line 11 / Line 15				\$8.9710	
17	Annualized Unit Cost of Retention	Sch. 1,Sheet 7, Line 24				\$0.5179	
18	Including Cost of Pipeline Retention	Line 16 + 17				\$9.4889	
19	Demand Cost	Sch.1, Sht. 2, Line 9				\$1.2146	
20	Total Expected Gas Cost (EGC)	Line 18 + 19				\$10.7035	

A/ BTU Factor = 1.0555 Dth/MCF

Columbia Gas of Kentucky, Inc.
Non-Appalachian Supply: Volume and Cost
June - Aug 2006

Schedule No. 1
 Sheet 5

Cost includes transportation commodity cost and retention by the interstate pipelines,
 but excludes pipeline demand costs.

The volumes and costs shown are for sales customers only.

Line No.	Month	Total Flowing Supply Including Gas Injected Into Storage			Net Storage Injection Dth (4)	Net Flowing Supply for Current Consumption	
		Volume A/ Dth (1)	Cost (2)	Unit Cost \$/Dth (3) = (2) / (1)		Volume Dth (5) = (1) + (4)	Cost (6) = (3) x (5)
1	Jun-06	267,000	\$2,189,000	\$8.20	(56,000)	211,000	\$1,729,884
2	Jul-06	1,370,000	\$11,815,000	\$8.62	(1,107,000)	263,000	\$2,268,135
3	Aug-06	1,356,000	\$11,989,000	\$8.84	(1,091,000)	265,000	\$2,342,983
4	Total 1+2+3	2,993,000	\$25,993,000	\$8.68	(2,254,000)	739,000	\$6,341,002

A/ Gross, before retention.

DETAIL SUPPORTING
DEMAND/COMMODITY SPLIT
REVISED

COLUMBIA GAS OF KENTUCKY
CASE NO. 2006 - 00179 Effective June 2006 Billing Cycle

CALCULATION OF DEMAND/COMMODITY SPLIT OF GAS COST ADJUSTMENT FOR TARIFFS

	\$/MCF	
Demand Component of Gas Cost Adjustment		
Demand Cost of Gas (Schedule No. 1, Sheet 1, Line 19)	\$1.2146	
Demand ACA (Schedule No. 2, Sheet 1, Line 23)	0.1526	
Refund Adjustment (Schedule No. 4)	-0.0132	
SAS Refund Adjustment (Schedule No. 5)	<u>-0.0001</u>	
Total Demand Rate per Mcf	\$1.3539	<--- to Att. E, line 21

Commodity Component of Gas Cost Adjustment

Commodity Cost of Gas (Schedule No. 1, Sheet 1, Line 18)	\$9.4889
Commodity ACA (Schedule No. 2, Sheet 1, Line 28)	-\$0.8559
Balancing Adjustment (Schedule No. 3, Sheet 1, Line 21)	-\$0.0026
Gas Cost Incentive Adjustment (Schedule No. 6)	<u>\$0.0230</u>
Total Commodity Rate per Mcf	\$8.6534

CHECK:	\$1.3539
	<u>\$8.6534</u>
COST OF GAS TO TARIFF CUSTOMERS (GCA)	\$10.0073

Calculation of Rate Schedule SVGTS - Actual Gas Cost Adjustment

Commodity ACA (Schedule No. 2, Sheet 1, Line 28)	-\$0.8559
Balancing Adjustment (Schedule No. 3, Sheet 1, Line 21)	-\$0.0026
Gas Cost Incentive Adjustment (Schedule No. 6)	<u>\$0.0230</u>
Total Commodity Rate per Mcf	-\$0.8355

PROPOSED TARIFF SHEETS

REVISED

COLUMBIA GAS OF KENTUCKY, INC.

P.S.C. Ky. No. 5

CURRENTLY EFFECTIVE BILLING RATES

	<u>Base Rate Charge</u> \$	<u>Gas Cost Adjustment^{1/} Demand</u> \$	<u>Commodity</u> \$	<u>Total Billing Rate</u> \$	
<u>RATE SCHEDULE GSR</u>					
First 1 Mcf or less per billing period	6.95	1.3539	8.6534	16.9573	R
Over 1 Mcf per billing period	1.8715	1.3539	8.6534	11.8788	R
<u>RATE SCHEDULE GSO</u>					
<u>Commercial or Industrial</u>					
First 1 Mcf or less per billing period	18.88	1.3539	8.6534	28.8873	R
Next 49 Mcf per billing period	1.8715	1.3539	8.6534	11.8788	R
Next 350 Mcf per billing period	1.8153	1.3539	8.6534	11.8226	R
Next 600 Mcf per billing period	1.7296	1.3539	8.6534	11.7369	R
Over 1000 Mcf per billing period	1.5802	1.3539	8.6534	11.5875	R
<u>Delivery Service</u>					
Administrative Charge	55.90			55.90	
<u>Standby Service Demand Charge</u>					
Demand Charge times Daily Firm Vol. (Mcf) in Cust. Serv. Agrmt.		6.5490		6.5490	R
<u>Delivery Rate Per Mcf</u>					
First 400 Mcf per billing period	1.8153			1.8153	
Next 600 Mcf per billing period	1.7296			1.7296	
All Over 1000 Mcf per billing period	1.5802			1.5802	
Former IN8 Rate Per Mcf	1.0575			1.0575	
Banking and Balancing Service		0.0205		0.0205	
(continued on following sheet)					
^{1/} The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff. The Gas Cost Adjustment applicable to a customer who is receiving service under Rate Schedule GS, IN6, or IUS and received service under Rate Schedule SVGTS shall be \$10.7035 per Mcf only for those months of the prior twelve months during which they were served under Rate Schedule SVGTS					R
(R) Reduction					

DATE OF ISSUE: May 1, 2006

DATE EFFECTIVE: June 2006 Billing Cycle
(May 31, 2006)

ISSUED BY: Joseph W. Kelly

President

CURRENTLY EFFECTIVE BILLING RATES

(Continued)

	<u>Base Rate Charge</u> \$	<u>Gas Cost Adjustment^{1/} Demand</u> \$	<u>Commodity</u> \$	<u>Total Billing Rate</u> \$	
<u>RATE SCHEDULE GPR^{3/}</u>					
First 1 Mcf or less per billing period	6.95	N/A	N/A	N/A	
Over 1 Mcf per billing period	1.8715	N/A	N/A	N/A	
<u>RATE SCHEDULE GPO^{3/}</u>					
<u>Commercial or Industrial</u>					
First 1 Mcf or less per billing period	18.88	N/A	N/A	N/A	
Next 49 Mcf per billing period	1.8715	N/A	N/A	N/A	
Next 350 Mcf per billing period	1.8153	N/A	N/A	N/A	
Next 600 Mcf per billing period	1.7296	N/A	N/A	N/A	
Over 1000 Mcf per billing period	1.5802	N/A	N/A	N/A	
<u>RATE SCHEDULE IS</u>					
<u>Customer Charge per billing period</u>	116.55			116.55	
First 30,000 Mcf	0.5467		8.6534 ^{2/}	9.2001	R
Over 30,000 Mcf	0.2905		8.6534 ^{2/}	8.9439	R
<u>Standby Service Demand Charge</u>					
Demand Charge times Daily Firm Volume (Mcf) in Customer Service Agreement		6.5490		6.5490	R
<u>Delivery Service¹</u>					
Administrative Charge	55.90			55.90	
First 30,000 Mcf	0.5467				
Over 30,000 Mcf	0.2905			0.2905	
Banking and Balancing Service	0.0205			0.0205	
(continued on following sheet)					
^{1/} The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff.					
^{2/} IS Customers may be subject to the Demand Gas Cost, under the conditions set forth on Sheets 14 and 15 of this tariff.					
^{3/} Currently, there are no customers on this rate schedule.					
(R) – Reduction					

DATE OF ISSUE: May 1, 2006

DATE EFFECTIVE: June 2006 Billing Cycle
(May 31, 2006)

ISSUED BY: Joseph W. Kelly

President

CURRENTLY EFFECTIVE BILLING RATES

(Continued)

	<u>Base Rate Charge</u> \$	<u>Gas Cost Adjustment^{1/} Demand</u> \$	<u>Commodity</u> \$	<u>Total Billing Rate</u> \$	
<u>RATE SCHEDULE IUS</u>					
For All Volumes Delivered Per Mcf <u>Delivery Service</u>	0.3038	1.3539	8.6534	10.3111	R
Administrative Charge	55.90			55.90	
Delivery Rate Per Mcf	0.3038	1.3539		1.6577	I
Banking and Balancing Service		0.0205		0.0205	
<u>MAINLINE DELIVERY SERVICE</u>					
Administrative Charge	55.90			55.90	
Delivery Rate Per Mcf	0.0858			0.0858	
Banking and Balancing Service		0.0205		0.0205	
 ^{1/} The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff.					
R – Reduction I – Increase					

DATE OF ISSUE: May 1, 2006

DATE EFFECTIVE: June 2006 Billing Cycle
May 31, 2006

ISSUED BY: Joseph W. Kelly

President